

## **Senate Bill No. 63**

### **CHAPTER 73**

An act to amend Sections 2558.46, 8484.7, 8484.8, 41203.1, 42238.146, 44219, 44227, 44244, 52055.600, 52055.605, 52055.610, 52055.650, 52058, 56504.5, 56836.11, 56836.155, 56836.165, and 69522 of, to add Sections 44242.3 and 84754.5 to, and to add Article 5.6 (commencing with Section 69616) to Chapter 2 of Part 42 of, the Education Code, to amend Section 17581.5 of the Government Code, to amend Section 1529.2 of the Health and Safety Code, to amend Section 270 of the Public Utilities Code, and to amend Section 903.7 of the Welfare and Institutions Code, relating to education finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 19, 2005. Filed with  
Secretary of State July 19, 2005.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

SB 63, Committee on Budget and Fiscal Review. Education finance.

(1) Existing law requires a revenue limit to be calculated for each school district and each county superintendent of schools and requires the amount of the revenue limit to be adjusted for various factors. Existing law requires the Superintendent of Public Instruction to take into account the revenue limit of a school district and county superintendent of schools when apportioning funding to school districts and county superintendents of schools. Existing law reduces the revenue limit for the 2005-06 fiscal year by a deficit factor of 0.323% for both county superintendents of schools and school districts, and further reduces that revenue limit for those entities for the 2004-05 fiscal year by a deficit factor of 1.826%. Existing law requires the revenue limit computation for the 2006-07 fiscal year to be made as if the revenue limits for the 2003-04, 2004-05, and 2005-06 fiscal years had been determined without being reduced.

This bill would instead reduce the revenue limit for a county superintendent of schools and school district for the 2005-06 fiscal year by a deficit factor of 0.901%, reduce the revenue limit for a school district for the 2005-06 fiscal year by 0.909%, further reduce the revenue limit for each county superintendent of schools for the 2006-07 fiscal year by a 0.901% deficit factor, and for each school district by a 0.909% deficit factor, and, as to a county superintendent of schools and a school district, would postpone to the 2007-08 fiscal year the requirement that revenue limits be computed as if the reductions had not been made.

(2) Existing law establishes the After School Education and Safety Program to create incentives to establish locally driven before and after school enrichment programs for pupils in kindergarten and grades 1 to 9, inclusive.

Existing law states the intent of the Legislature that federally funded 21st Century Community Learning Centers complement the existing After School Education and Safety Program by utilizing the existing funding provided under that existing program, and to provide the local flexibility needed to implement the federal 21st Century Community Learning Centers program through direct grants. Existing law, in accordance with the 21st Century Community Learning Centers program contained in the federal No Child Left Behind Act of 2001, allocates funds appropriated by the Budget Act of 2002 and prescribes requirements related to the allocation of funds, including that a core funding grant conform to the per pupil rate established by the After School Education and Safety Program, that funding for a grant be allocated in annual increments for a period not to exceed 5 years, that 2nd year core funding be fully allocated if a program achieves no less than 85% of the proposed pupil attendance, and that subsequent year core funding be fully allocated if a program achieves no less than 100% of the proposed pupil attendance.

This bill would make an appropriation by instead permitting 15% of the initial annual grant to be utilized for startup costs, and 15% of each annual grant for administrative costs, as specified.

(3) Existing law requires, for the 1990-91 fiscal year and each fiscal year thereafter, that moneys to be applied by the state for the support of school districts and community college districts be distributed in accordance with certain calculations governing the proration of those moneys among the 3 segments of public education. Existing law makes this provision inapplicable to the fiscal years between the 1992-93 and 2003-04 fiscal years, inclusive.

This bill would, in addition, make this provision inapplicable to the 2005-06 fiscal years, inclusive.

(4) Existing law requires the Commission on Teacher Credentialing to meet at least once each month in no fewer than 10 months each year and authorizes the chairperson of the commission, with the approval of the commission, to call additional meetings.

This bill would instead require the commission to meet as deemed appropriate and necessary by the chairperson and the executive committee to accomplish its duties, but to meet no fewer than once each quarter of the year.

(5) Existing law authorizes the Commission on Teacher Credentialing to approve any institution of higher education whose teacher education program meets the standards prescribed by the commission and the institution to recommend to the commission the issuance of credentials to persons who have successfully completed those programs.

This bill, in addition, would require an institution of higher education whose teacher education program has been accredited by the commission to approve and electronically submit credential applications to the commission, and would require the commission to grant credentials to these applicants based upon that approval.

(6) Existing law requires that each allegation of an act or omission by an applicant for, or holder of, a credential for which he or she may be subject to an adverse action be presented to the Committee of Credentials for an investigation, as specified.

This bill would provide that an applicant, as defined, who is subject to investigation by the committee is required to receive notice of the investigation and an opportunity to respond to the allegations in writing. The bill would require the committee to grant or recommend denial of the application based on the information discovered during the investigation and the applicant's response. The bill would provide that the applicant may appeal the committee's recommendation of a denial of the application.

(7) Existing law authorizes the Committee of Credentials to conduct an initial review, as provided, regarding an allegation of misconduct of an applicant for, or holder of, a credential. Existing law requires a formal review to be held no later than 6 months after the commencement of the initial review and requires the committee to make its recommendation in writing and to deliver a copy of the recommendation to the credential holder or applicant personally or sent to him or her by registered mail within 14 days after the formal review.

This bill would delete the requirement that the mail be registered.

(8) Existing law establishes the High Priority Schools Grant Program within the Public Schools Accountability Act of 1999. Existing law requires the Superintendent to allocate \$400 per pupil, from funds made available for purposes of the program, including funds received for the federal Comprehensive School Reform Demonstration Program, to eligible schools for implementation of a school action plan approved pursuant to the program.

This bill would authorize a schoolsite, in the first year of participation, to receive a total of \$33.33 per pupil for each month remaining in any fiscal year, beginning in the month immediately following the date of approval by the State Board of Education of the action plan, instead of \$400 per pupil.

(9) Under the High Priority Schools Grant Program, the Superintendent, with the approval of the state board, is required to identify schools ranked in deciles 1 to 5, inclusive, on the Academic Performance Index (API), and to invite those schools to participate in the program. Under the existing program, in order to be eligible for funding from the program, a school is also required to participate in the Immediate Intervention/Underperforming Schools Grant Program.

This bill would require the Superintendent, if funds are available for this purpose, to invite a second cohort of schools identified pursuant to the above provisions to be ranked in deciles 1 to 5, inclusive, to participate in the High Priority Schools Grant Program beginning in the 2005-06 fiscal year, and would not require these schools to participate in the Immediate Intervention/Underperforming Schools Grant Program in order to be eligible for funding.

Existing law establishes a system of priority for participation in the program, with highest priority given to the schools ranked in API decile 1.

This bill would provide that schools either receiving or that have received funding pursuant to this program or the Immediate Intervention/Underperforming Schools Program are ineligible to participate in a subsequent cohort of schools funded pursuant to this program.

(10) Existing law requires the Superintendent to establish a procedure for the approval of applications and school actions plans pursuant to the High Priority Schools Grant Program.

This bill would establish deadlines for school districts to submit applications and school action plans to the Superintendent with respect to the second cohort of schools.

(11) Existing law establishes timeframes within which a school, after receipt of funding for implementation of the action plan, is required to meet its growth targets under the High Priority Schools Grant Program.

This bill would revise those dates, and would also establish growth target deadlines for a school that receives funds pursuant to the program during the 2005-06 or 2006-07 fiscal year.

(12) Existing law requires the Superintendent to develop, and the state board to approve, the guidelines for a request for proposal for an independent evaluator to prepare a comprehensive evaluation of the implementation, impact, costs, and benefits of the Immediate Intervention/Underperforming Schools Program and the High Achieving/Improving Schools Program, and to disseminate the results of that report to the Legislature, the Governor, and interested parties, as prescribed. Existing law requires biennial evaluations of those programs established under the Public Schools Accountability Act of 1999.

This bill would delete those provisions of existing law.

(13) Existing law requires school districts, county offices of education, and special education local plan areas to comply with state laws that conform to the federal Individuals with Disabilities Education Act, in order that the state may qualify for federal funds available for the education of individuals with exceptional needs.

Existing law provides procedural safeguards, including mediation and due process hearings, for the resolution of complaints regarding alleged violations of the law relative to special education. Existing law requires the State Department of Education to contract with a single, nonprofit organization or entity to conduct mediation conferences and due process hearings.

This bill would instead require the department to enter into an interagency agreement with another state agency or contract with a nonprofit organization or entity to conduct mediation conferences and due process hearings. The bill would require the agency or contractor to provide hearings and mediations consistent with applicable federal and state laws and regulations, and any other applicable legal authorities. The bill would require the Superintendent of Public Instruction to adopt

regulations that establish standards for components of this interagency agreement or contract, as specified in the bill.

(14) Existing law provides a method of determining the statewide target amount per unit of average daily attendance for special education local plan areas for the 1999-2000 fiscal year and each fiscal year thereafter.

This bill would provide a method of determining, for the 1999-2000 fiscal year to the 2004-05 fiscal year, inclusive, for the 2005-06 fiscal year, and for the 2006-07 fiscal year and each fiscal year thereafter, the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing a certain inflation adjustment and growth.

(15) Existing law adjusts funding for individuals with exceptional needs based on an incidence multiplier, as defined, for each special education local plan area.

This bill would continue the current special education incidence factor formula through the 2005-06 fiscal year.

(16) Existing law requires the Superintendent to, for the 2004-05 fiscal year and each fiscal year thereafter, calculate for each special education local plan area a certain amount based on, among other things, the number of children and youth residing in foster family homes and foster family agencies.

This bill would also include those residing in small family homes.

Existing law also requires the above calculation to be based on the number of youth ages 18 through 21 referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services.

This bill would change the age reference to children and youth ages 3 through 21.

Existing law requires the State Department of Education to calculate, for each fiscal year, an out-of-home care funding amount for each special education local plan area, as provided.

This bill would revise that method of calculation to include the number of children and youth residing in small family homes and to include the number of children and youth ages 3 through 21 referred by the State Department of Developmental Services who are residing in licensed community care facilities.

(17) Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Existing law authorizes the commission to carry out prescribed tasks, and authorizes the commission to establish an auxiliary organization for the purpose of providing operational and administrative services for the commission's participation in the Federal Family Education Loan Program.

Under existing law, the operations of the auxiliary organization are required to be conducted in conformity with an operating agreement approved, for a period not to exceed 5 years, by the commission. Existing

law requires the commission to provide a copy of the proposed operating agreement to the Department of Finance for its review and comment prior to the approval of that agreement.

This bill would also require the commission to provide a copy of the proposed operating agreement to the Joint Legislative Budget Committee.

(18) Existing law establishes an assumption program of loans for education, administered by the Student Aid Commission, under which any person enrolled in a participating institution of postsecondary education, or any person who agrees to participate in a teacher trainee or teacher internship program, is eligible to receive a conditional warrant for loan assumption, to be redeemed pursuant to a prescribed procedure upon becoming employed as a teacher. One of the conditions of eligibility in this loan assumption program is that the applicant agrees to teach in a public school for at least 3 consecutive academic years after obtaining a teaching credential. The program provides for a progressive assumption of the amount of the loan over 3 years of teaching service, up to a total loan assumption of \$8,000.

This bill would establish the State Nursing Assumption Program of Loans for Education (SNAPLE), to be administered by the commission, under which any person enrolled in an institution of postsecondary education and participating in the loan assumption program established under the bill would be eligible to receive a conditional warrant for loan assumption, to be redeemed pursuant to the bill upon becoming employed as a full-time nursing faculty member at a California college or university. The bill would, among other things, establish eligibility requirements, limit each participant in the program to one loan assumption agreement, and provide for a progressive assumption of the amount of the loan over 3 years of teaching, up to a total loan assumption of \$25,000. The bill would require the commission to report annually to the Legislature and would state the intent of the Legislature that, commencing with the 2006-07 fiscal year, funding necessary for the administration of the program shall be included within the annual budget act of the commission.

(19) Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state. An item of the Budget Act of 2004 appropriated, among other amounts, \$193,591,000 from the General Fund to the board of governors for allocation to community college districts for general apportionment funding.

Existing law requires the board of governors to provide recommendations, based on information to be developed in a study to be conducted by the Chancellor of the California Community Colleges, to the Legislature and the Governor regarding the design of a workable structure for the annual evaluation of district-level performance in meeting statewide educational outcome priorities, including the priorities consistent with the appropriation referenced above.

This bill would require that, as a condition of receiving specified funds in the annual Budget Act to encourage district-level accountability efforts, community college districts provide data, in a format and according to a schedule to be specified by the chancellor's office, for the purpose of an annual report that the bill would require the chancellor to provide to the Legislature, the Governor, the Department of Finance, and the Office of the Legislative Analyst. This data would also be provided for purposes of providing the means for both internal and external assessment of the district's educational offerings in meeting the high-priority educational goals of the state. The bill would authorize the chancellor to withhold, delay, or reduce specified funds provided in the annual Budget Act to encourage district-level accountability efforts.

(20) Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions.

Existing law provides that a school district may not be required to implement or give effect to a statute imposing a state mandate for a specified period if it is identified by the Legislature in the Budget Act as being suspended. Existing law provides that this suspension provision is applicable only to specified mandates.

This bill would additionally make this suspension provision applicable to state mandates relating to certain grand jury proceedings.

(21) Existing law requires the State Department of Social Services to license community care facilities, including facilities that provide foster care services for children. Existing law regulates foster family homes and provides for their licensure by certified foster family agencies, the county, or the State Department of Social Services.

Existing law requires the Department of Child Support Services to authorize the quarterly transfer of any portion of an amount equivalent to the "state share of collections" attributable to the enforcement of parental fiscal liability and requires the department to authorize the transfer of any portion of that amount for any particular fiscal year exceeding \$3,750,000 to the Treasurer for deposit in the Foster Children and Parent Training Fund, except as specified. Under existing law, if sufficient moneys are available in the Foster Children and Parent Training Fund, up to \$3,000,000 shall be allocated for the support of foster parent training programs conducted by community colleges, and the chancellor is required to use those funds exclusively for foster parent training, as specified.

This bill would provide that the above provisions of existing law are operative through the 2004-05 fiscal year and, thereafter, operative only if specified in the annual Budget Act, thereby deleting the above-described appropriation after the 2004-05 fiscal year.

Existing law requires, in addition to the foster parent training provided pursuant to the above-described existing law, that foster family agencies

supplement the community college training by providing a program of training for their certified foster families.

This bill would eliminate from these provisions reference to the above-described existing law authorizing a quarterly transfer of any portion of an amount equivalent to the “state share of collections” and the allocation of up to \$3,000,000 from the Foster Children and Parent Training Fund for the support of foster parent training programs conducted by community colleges, and would require foster family agencies to provide a program of training for their certified foster parents, in addition to the foster parent training provided by community colleges.

(22) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable rates and charges. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund, the California High-Cost Fund-B Administrative Committee Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the Deaf and Disabled Telecommunications Program Administrative Committee Fund, the Payphone Service Providers Committee Fund, and the California Teleconnect Fund Administrative Committee Fund in the State Treasury.

Existing law requires that the moneys in these funds may be expended pursuant to specified law, upon appropriation in the annual Budget Act.

Until January 1, 2006, existing law provides that moneys in each of the above-described funds may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity, except to accomplish specified telecommunications universal service programs. Commencing on January 1, 2006, existing law requires moneys in each of the above-described funds may not be appropriated, or in any other manner transferred or otherwise diverted, to any other entity or fund.

This bill, in addition, would authorize the appropriation, transfer, or diversion of moneys in these funds to another fund or entity pursuant to existing law that authorizes the State Librarian to provide specified toll-free telephone services for registered patrons of the federally designated regional libraries for the blind and physically handicapped, to provide toll-free telephone access to telephonic reading systems for individuals with print disabilities who are registered patrons of the federally designated regional libraries for the blind and physically handicapped, or to operate a telephonic reading system or to fund the operation of telephonic reading systems operated by qualifying entities, or both, pursuant to an appropriation in the annual Budget Act and in accordance with the above-described funds, the telephonic reading system is to be funded from the Deaf and Disabled Telecommunications Program Administrative Committee Fund.

(23) This bill would require the Superintendent to reduce, by \$1,126,000, funding for basic aid school districts from categorical education funds that are appropriated in the Budget Act of 2005. The bill would require the Superintendent by June 26, 2006, to report to the



Controller and the Director of Finance the amount to be reduced from each categorical education program and identify the corresponding item of appropriation in the Budget Act of 2005. The bill would provide that on June 30, 2006, the amounts appropriated by those items are reduced by the amounts reported by the Superintendent. The bill would require that the reductions be reductions in the amounts appropriated for purposes of satisfying the minimum annual funding obligation for school districts and community colleges required under the California Constitution for the 2005-06 fiscal year.

(24) This bill would provide that the cost-of-living adjustment for specified items of the Budget Act of 2005 is 4.23%, and that all funds appropriated in those items are in lieu of the amounts that would otherwise be appropriated pursuant to any other law.

(25) This bill would make specified funds appropriated pursuant to the Budget Act of 2004 available for liquidation through July 31, 2007, and the Budget Act of 2005 available for liquidation through July 31, 2008. The bill would revert the funds unexpended after those dates to the Proposition 98 Reversion Account.

(26) This bill would appropriate \$605,094,000 from the General Fund to the State Department of Education for expenditure during the 2006-07 fiscal year, in specified amounts, for apprentice programs, supplemental instruction, regional occupational centers and programs, home-to-school transportation, the Gifted and Talented Pupil Program, the Targeted Instructional Improvement Block Grant, adult education, community day schools, categorical programs for charter schools, the School Safety Program, and the Pupil Retention Block Grant, and \$200,000,000 would be appropriated for the 2006-07 fiscal year to the Board of Governors of the California Community Colleges for general apportionments, as specified in the Budget Act of 2005.

The bill would appropriate \$16,811,000 for the 1995-96, 1996-97, and 2002-03 fiscal years to the Controller to pay for prior year state obligations for K-12 and community college mandate claims and interest, as provided. The bill would provide that these funds are deemed to be in partial satisfaction of certain outstanding balances and in lieu of certain amounts.

The bill would provide that for the purposes of satisfying the minimum annual funding obligation for school districts and community college districts required under the California Constitution, these amounts are General Fund revenues appropriated for school districts and community college districts.

(27) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 2558.46 of the Education Code is amended to read:

2558.46. (a) (1) For the 2003-04 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 1.195 percent deficit factor.

(2) For the 2004-05 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003-04 and 2004-05 fiscal years, the revenue limit for each county superintendent of schools determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005-06 and 2006-07 fiscal years, the revenue limit for each county superintendent of schools determined pursuant to this article shall be further reduced by a 0.901 percent deficit factor.

(b) In computing the revenue limit for each county superintendent of schools for the 2007-08 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2003-04, 2004-05, 2005-06, and 2006-07 fiscal years without being reduced by the deficit factors specified in this section.

SEC. 2. Section 8484.7 of the Education Code is amended to read:

8484.7. It is the intent of the Legislature that the 21st Century Community Learning Centers program contained within the federal No Child Left Behind Act of 2001 (P.L. 107-110) complement the After School Education and Safety Program established by Article 22.5 (commencing with Section 8482) to provide the local flexibility needed to implement federal 21st Century Community Learning Centers programs through direct grants as specified in this article.

SEC. 3. Section 8484.8 of the Education Code is amended to read:

8484.8. In accordance with Part B of Title IV of the federal No Child Left Behind Act of 2001 (P.L. 107-110), of the funds appropriated in Item 6110-197-0890 of Section 2.00 of the Budget Act of 2002, funds shall be available for expenditure as follows:

(a) The amount of one million dollars (\$1,000,000) shall be available to the department for purposes of providing technical assistance, evaluation and training services, for carrying out programs related to 21st Century Community Learning Center programs.

(b) (1) An amount of up to three million five hundred thousand dollars (\$3,500,000) shall be available for direct grants, in an amount not to exceed twenty-five thousand dollars (\$25,000) per site, per year, for community learning center programs that serve middle and elementary school pupils for providing equitable access to, and participation in, community learning center programs, according to needs determined by the local community.

(2) The department shall determine the requirements for eligibility for a grant under this subdivision, consistent with the following:

(A) Consistent with the local partnership approach inherent in Article 22.5 (commencing with Section 8482), grants awarded under this subdivision shall provide supplemental assistance to programs. It is not intended that a grant fund the full anticipated costs of the services provided by a community learning center program.

(B) In determining the need for a grant pursuant to this subdivision, the department shall base its determination on a needs assessment and a determination that existing resources are not available to meet these needs, including, but not limited to, a description of how the needs, strengths, and resources of the community have been assessed, currently available resources, and the justification for additional resources for that purpose.

(C) The department shall award grants for a specific purpose, as justified by the applicant.

(3) To be eligible to receive a grant under this subdivision, the designated public agency representative for the applicant shall certify that an annual fiscal audit will be conducted and that adequate, accurate records will be kept. In addition, each applicant shall provide the department with the assurance that funds received under this subdivision are expended only for those services and supports for which they are granted. The department shall require grant recipients to submit annual budget reports, and the department shall have the authority to withhold funds in subsequent years if direct grant funds are expended for purposes other than as awarded.

(c) Up to one million dollars (\$1,000,000) shall be available for direct grants of up to twenty thousand dollars (\$20,000) per site, per year, for providing family literacy services only to those schoolsites that identify such a need for families of 21st Century Community Learning Center program pupils, and that demonstrate a fiscal hardship by certifying that existing resources including, but not limited to, funding for Title III of the No Child Left Behind Act of 2001 (P.L. 107-110), Chapter 3 (commencing with Section 300) of Part 1, adult education, community college, and the federal Even Start Program are not available or are insufficient to serve these families. An assurance that the funds received under this subdivision are expended only for those services and supports for which they were granted shall be required.

(d) Of the remaining funds in Item 6110-197-0890 of Section 2.00 of the Budget Act of 2002, two million five hundred thousand dollars (\$2,500,000) shall be allocated on a priority basis for grants to community learning center programs serving high school pupils, and the remainder of this amount shall be allocated on a priority basis for programs for middle and elementary school pupils.

(e) Grant awards under this section shall be restricted to those applications that propose primarily to serve pupils that attend schoolwide programs, as described in Title I of the No Child Left Behind Act of 2001. Competitive priority shall be given to applications that propose to serve

children and youth in schools designated as being in need of improvement under subsection (b) of Section 6316 of Title 20 of the United States Code, and that are jointly submitted by school districts and community-based organizations. Applications to serve pupils in programs that have received grants under Article 22.5 (commencing with Section 8482) shall be funded only when proposing to expand in additional sites or to add pupils to a currently funded site.

(f) (1) Core funding grants for programs serving middle and elementary school pupils in before and after school programs shall be 150 percent of the per pupil rates and maximum grant amounts established pursuant to Sections 8483.7 and 8483.75 for similar state funded programs.

(2) Funding for each grant shall be allocated in annual increments for a period not to exceed five years.

(3) (A) Up to 15 percent of the initial annual grant amount for each core grant recipient may be utilized for start-up costs, which funding need not be based on pupil attendance.

(B) In addition to the amount described in subparagraph (A), up to 15 percent of each annual grant amount for each core grant recipient may be utilized for administrative costs, which funding need not be based on pupil attendance.

(C) Under no circumstance shall funding for start-up or administrative costs result in an increase in the grant recipient's total funding above the approved grant amount.

(4) Each grantee shall identify the federal, state, and local programs that will be combined or coordinated with the proposed program for the most effective use of public resources, and to describe a plan for continuing the program beyond federal grant funding. Grantees shall submit annual attendance data and results to facilitate evaluation and compliance with provisions established by the department. Programs receiving grants under this subdivision are not assured of grant renewal from future state or federal funding at the conclusion of the grant period.

(g) A total annual grant award for core funding and direct grants for a site serving elementary or middle school pupils shall be fifty thousand dollars (\$50,000) per year or more, consistent with federal requirements.

(h) Grants for programs serving high school pupils at schoolsites or sites of other organizations, as determined to be eligible by the department and consistent with the provisions of the 21st Century Community Learning Centers program, shall be available as an annual minimum grant of fifty thousand dollars (\$50,000) per year. Grant funding above the minimum shall be determined in proportion to the average daily attendance of the high school program site or sites to be served and other factors including, but not limited to, proposed attendance and effective use of resources as determined by the department up to two hundred and fifty thousand dollars (\$250,000) per year for five years. A grantee that establishes a high school program pursuant to this subdivision shall be subject to annual reporting and recertification as required by the

department. After the second year, the department shall reduce funding of programs in which actual attendance is significantly below proposed attendance levels. An evaluation of the program funded pursuant to this subdivision shall be submitted no later than 180 days after the completion of the second year of the program. The department shall provide the results of that evaluation and work with the Legislature, the Department of Finance, program providers, and other interested parties to adopt or restructure a high school after school program for California that is both programmatically and fiscally sound. Grantees shall be eligible for fourth and fifth year funding consistent with the restructured requirements. Each grantee shall be required to identify the federal, state, and local programs that will be combined or coordinated with the proposed program for the most effective use of public resources and to describe a plan for continuing the program beyond federal grant funding. Grantees shall be required to submit annual attendance data results to facilitate evaluation and compliance with provisions established by the department. Programs receiving grants under this subdivision are not assured of grant renewal from future state or federal funding at the conclusion of the grant period.

(i) Funds received but unexpended under this article may be carried forward to subsequent years consistent with federal requirements. In year one, the full grant may be retained.

(j) This article shall be operative only to the extent that federal funds are made available for the purposes of this article. It is the intent of the Legislature that this article not be considered a precedent for general fund augmentation of either the state administered, federally funded program of this article, or any other state funded before or after school program.

SEC. 4. Section 41203.1 of the Education Code is amended to read:

41203.1. (a) For the 1990-91 fiscal year and each fiscal year thereafter, allocations calculated pursuant to Section 41203 shall be distributed in accordance with calculations provided in this section. Notwithstanding Section 41203, and for the purposes of this section, school districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California shall be regarded as separate segments of public education, and each of these three segments of public education shall be entitled to receive respective shares of the amount calculated pursuant to Section 41203 as though the calculation made pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution were to be applied separately to each segment and the base year for the purposes of this calculation under paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution were based on the 1989-90 fiscal year. Calculations made pursuant to this subdivision shall be made so that each segment of public education is entitled to the greater of the amounts calculated for that segment pursuant to paragraph (1) or (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(b) If the single calculation made pursuant to Section 41203 yields a guaranteed amount of funding that is less than the sum of the amounts

calculated pursuant to subdivision (a), then the amount calculated pursuant to Section 41203 shall be prorated for the three segments of public education.

(c) Notwithstanding any other law, this section does not apply to the 1992-93 to 2005-06 fiscal years, inclusive.

SEC. 5. Section 42238.146 of the Education Code is amended to read:

42238.146. (a) (1) For the 2003-04 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2004-05 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003-04 and 2004-05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005-06 and 2006-07 fiscal years, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.909 percent deficit factor.

(b) In computing the revenue limit for each school district for the 2007-08 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2003-04, 2004-05, 2005-06, and 2006-07 fiscal years without being reduced by the deficit factors specified in this section.

SEC. 6. Section 44219 of the Education Code is amended to read:

44219. The commission shall meet as deemed appropriate and necessary by the chairperson and the executive committee to accomplish its duties, but shall meet no fewer than once each quarter of the year.

In order that any allegation of misconduct and the effect thereof, if any, upon the application or credential of a certified employee are determined, as required by subdivision (b) of Section 44244, no later than six months after an investigation is commenced, the commission or the Committee of Credentials shall meet more frequently than once each quarter, if possible.

SEC. 7. Section 44227 of the Education Code is amended to read:

44227. (a) The commission may approve any institution of higher education to recommend to the commission the issuance of credentials to persons who have successfully completed a teacher education program of the institution if the program meets the standards approved by the commission.

(b) An institution of higher education whose teacher education program has been accredited by the commission shall approve and electronically submit credential applications to the commission, and the commission shall grant credentials to these applicants based upon that approval.

(c) Notwithstanding any provision of law to the contrary, the commission may approve for credit any coursework completed for credential purposes or for step increases in programs offered in California by out-of-state institutions of higher education that meet the requirements prescribed by Chapter 7 (commencing with Section 94700) of Part 59 only

if the program of courses is offered by a regionally accredited institution and evidence of satisfactory evaluation by that accrediting body is submitted by the out-of-state institution to the commission for purposes of seeking approval of the program and any courses within that program to enable potential teachers to meet one or more requirements for a teaching credential in California.

SEC. 8. Section 44242.3 is added to the Education Code, to read:

44242.3. (a) For purposes of this section, an applicant is defined as an individual who is applying for a credential issued by the commission who has never held a credential or who has not held a credential issued by the commission within four years from the date of submission of the application.

(b) Notwithstanding any other provision of law, an applicant who is subject to investigation by the Committee of Credentials shall receive notice of the investigation and an opportunity to respond to the allegations in writing. A summary of the alleged misconduct and any response from the applicant shall be presented to the Committee of Credentials. The Committee of Credentials shall grant or recommend denial of the application based on the information discovered during the investigation and the response of the applicant, if any.

(c) If the Committee of Credentials recommends the denial of an application, the applicant may appeal the recommendation pursuant to Section 44244.1.

SEC. 9. Section 44244 of the Education Code is amended to read:

44244. (a) At least 30 days prior to any formal review of the Committee of Credentials at which the application of an applicant or credential of a holder is to be considered, the committee shall notify the applicant or holder of the specific allegations of misconduct that make the application or credential subject to adverse action. The notification shall be in ordinary and concise language and set forth the acts or omissions charged and the statutes or rules violated. Supplemental allegations of misconduct shall be sent to the holder or applicant at least 30 days prior to the formal review. The portions of the investigation of the original or supplemental allegations that constitute the basis for the allegations shall be open to inspection and copying by the holder or applicant and his or her attorney. The statement of the allegations shall inform the applicant or holder that the allegations, if true, are sufficient to cause his or her application or credential to be subject to adverse action.

(b) (1) The formal review shall be held no later than six months after the commencement of the initial review as set forth in subdivision (c) of Section 44242.5. The formal review shall determine either that no adverse action shall be taken or that the allegations are sufficient to cause his or her application or credential to be subject to adverse action.

(2) All testimony before the committee shall be verified under penalty of perjury by oath or affirmation. The chairperson of the committee may administer the oath or affirmation. The chairperson may designate staff to

administer the oath or affirmation for statements taken during the investigation of allegations of misconduct.

(c) Notwithstanding subdivision (b), the chairperson of the commission may grant the committee an extension of time, not exceeding six months, when the committee demonstrates that additional time is necessary to complete its investigation or determination, as described in subdivision (b).

(d) The recommendation of the committee shall be in writing and a copy of the recommendation shall be delivered to the credential holder or applicant personally or sent to him or her by mail within 14 days after the formal review, together with specific information relative to any appeal rights to which the credential holder or applicant is entitled.

SEC. 10. Section 52055.600 of the Education Code is amended to read:

52055.600. (a) The High Priority Schools Grant Program is hereby established. Participation in this program is voluntary.

(b) From funds made available for purposes of this article, the Superintendent shall allocate a total of four hundred dollars (\$400) per pupil, including funds received pursuant to Section 52054.5 or for the Comprehensive School Reform Demonstration Program (Public Law 105-78), to eligible schools for implementation of a school action plan approved pursuant to this article.

(c) It is the intent of the Legislature that federal funding provided pursuant to the Comprehensive School Reform Demonstration Program (P.L. 105-78) supplement, not supplant, funding received pursuant to this article.

(d) Funds received pursuant to this article may not be used to match funds received pursuant to Article 3 (commencing with Section 52053).

(e) The school district shall keep fiscal records available for inspection that affirm allocation to schoolsites in accordance with this section and shall allocate resources in a manner that does not delay their use.

SEC. 11. Section 52055.605 of the Education Code is amended to read:

52055.605. (a) The Superintendent, with the approval of the State Board of Education, shall identify schools ranked in deciles 1 to 5, inclusive, on the Academic Performance Index (API).

(b) The Superintendent shall invite schools identified pursuant to subdivision (a) to participate in the High Priority Schools Grant Program. Notwithstanding subdivision (h) of Section 52053, in order to be eligible for funding from the High Priority Schools Grant Program, a school shall also participate in the Immediate Intervention/Underperforming Schools Program. A school participating in both programs may elect to submit only one application and one plan for both programs. A school participating in the Immediate Intervention/Underperforming Schools Program before the date of the enactment of the act adding this section is also eligible for participation in the High Priority Schools Grant Program.

(c) Notwithstanding any other provision of law, and if funds are available for this purpose, the Superintendent shall invite a second cohort of schools identified pursuant to subdivision (a) to participate in the High



Priority Schools Grant Program beginning in the 2005-06 fiscal year. In order to be eligible for funding pursuant to this section, these schools shall not be required to also participate in the Immediate Intervention/Underperforming Schools Grant Program.

(d) First priority for participation in the High Priority Schools Grant Program shall be given to schools ranked on the API in decile 1. Second priority shall be given to schools in decile 2. Third priority shall be given to schools in decile 3. Fourth priority shall be given to schools in decile 4. Fifth priority shall be given to schools in decile 5. Within each decile, priority shall be given to the lowest ranked schools. Schools that are receiving or have received funding pursuant to Section 52053, 52054.5, or 52055.600 are ineligible to participate in a second cohort of schools funded pursuant to subdivision (c).

(e) Notwithstanding any other provision of law, and if funds are available for this purpose, the number of schools within the designated cohorts of the Immediate Intervention/Underperforming Schools Program pursuant to Section 52053 may exceed the maximum numbers specified in that section in order to participate in the program established pursuant to this article.

(f) If a school ranked in decile 1 of the API completes the action plan required as part of the application to participate in the federal Comprehensive School Reform Demonstration Program (P.L. 105-78), but there are insufficient funds to allow that school to participate in that program, so long as the action plan meets the requirements of subdivisions (d) and (e) of Section 52054, that school shall be automatically approved to the extent funding is available for participation in the Immediate Intervention/Underperforming Schools Program and shall be deemed to have complied with the requirements of Section 52054.

(g) The State Board of Education may allow continuation high schools to apply for and receive funding pursuant to this article if those continuation high schools report pupil performance that is equivalent to that of high schools ranked in deciles 1 and 2 on the API and the board determines that the state will be able to adequately determine growth in pupil performance in a valid and reliable manner for the purpose of accountability pursuant to this article. The State Board of Education may establish a limit on the number of continuation high schools that may be funded to reflect their proportion of high-priority pupils in grades 9 to 12, inclusive, and may adopt criteria limiting the eligibility for funding, pursuant to this article, of continuation high schools with a high level of per pupil funding from the continuation high school revenue limit add-on.

SEC. 12. Section 52055.610 of the Education Code is amended to read:

52055.610. (a) The Superintendent shall establish a procedure that is consistent with this article for the approval of applications and school action plans.

(b) Notwithstanding the existing application process established pursuant to Article 3 (commencing with Section 52053), in developing an action plan to be submitted with the application for funding pursuant to this article, a school may choose from the following options:

(1) A school district on behalf of an eligible school under its jurisdiction may elect to receive fifty thousand dollars (\$50,000) as a planning grant from funds appropriated for purposes of this article. These planning grant funds shall be used for technical assistance in the development of the school action plan. Technical assistance includes assistance provided by school district personnel, county offices of education, universities, a state approved external evaluator, or any other entity that has proven successful expertise specific to the challenges inherent in high-priority schools. If the school action plan is approved, the Superintendent shall provide funding for its implementation. Planning grant funds, as well as other funds available to school districts pursuant to this article, may be used for ongoing technical assistance throughout the implementation of the action plan and continued participation in the program established pursuant to Article 3 (commencing with Section 52053) and the program established pursuant to this article.

(2) A school district, on behalf of an eligible school under its jurisdiction, may elect to forego the fifty thousand dollars (\$50,000) planning grant and immediately submit its application and school action plan. If a school chooses this option, the Superintendent shall take one of the following actions:

(A) Recommend approval of the application by the State Board of Education and action plan and provide funding for implementation of the school action plan.

(B) Request additional clarification and technical changes, after which the school and district shall resubmit the application and school action plan with the clarifications and changes for approval. If the application and school action plan is approved, the Superintendent shall provide funding for implementation of the school action plan.

(C) Disapprove the plan in which case a school district on behalf of an eligible school under its jurisdiction shall receive a fifty thousand dollar (\$50,000) planning grant that shall be used for technical assistance in the redevelopment of the school action plan according to the department's recommendations. Technical assistance includes assistance provided by school district personnel, county offices of education, universities, a state approved external evaluator, or any other entity that has proven expertise specific to the challenges inherent in high-priority schools.

(c) The following deadlines apply to the first cohort of schools in the 2001-02 fiscal year:

(1) A school district on behalf of an eligible school under its jurisdiction shall submit the application and school action plan to the Superintendent for review and approval by May 15, 2002.

(2) The Superintendent shall make a recommendation to the State Board of Education regarding approval or disapproval of applications and

school action plans by June 15, 2002. The State Board of Education shall approve or disapprove the application and action plan by June 30, 2002. Upon approval by the State Board of Education, the department shall allocate funding to schools for the implementation of the action plan. If the State Board of Education fails to approve or disapprove the application and school action plan by June 30, 2002, the recommendation of the Superintendent shall be deemed to be adopted and funding for implementation of the action plan shall be allocated.

(3) If the Superintendent takes the action specified in subparagraph (B) of paragraph (2) of subdivision (b), the school and school district shall resubmit the application and school action plan with the clarifications and changes for approval by August 1, 2002, and the Superintendent shall make a recommendation to the State Board of Education regarding approval or disapproval by September 1, 2002. The State Board of Education shall approve or disapprove the application and action plan by September 30, 2002. If the action plan is approved, the department shall allocate funding to the school district on behalf of an eligible school under its jurisdiction for implementation of the action plan. If the State Board of Education fails to approve or disapprove the application and school action plan by September 30, 2002, the recommendation of the Superintendent shall be deemed to be adopted and funding for implementation of the action plan is to be allocated.

(4) A school district may request, and the State Board of Education may waive, the deadlines set forth in this subdivision.

(d) The following deadlines apply for the second cohort of schools in the 2005-06 fiscal year:

(1) A school district, on behalf of an eligible school under its jurisdiction, shall submit the application and school action plan to the Superintendent for review and approval by March 15, 2006.

(2) (A) The Superintendent shall make a recommendation to the State Board of Education regarding approval or disapproval of applications and school action plans by June 15, 2006.

(B) The State Board of Education shall approve or disapprove the application and action plan by June 30, 2006. Upon approval by the State Board of Education, the department shall allocate funding to schools for the implementation of the school action plan. If the State Board of Education fails to approve or disapprove the application and school action plan by June 30, 2006, the recommendation of the Superintendent shall be deemed to be adopted and funding for implementation of the school action plan shall be allocated.

(3) If the Superintendent takes the action specified in subparagraph (B) of paragraph (2) of subdivision (b), the school district shall resubmit the application and school action plan with the clarifications and changes for approval by August 1, 2006, and the Superintendent shall make a recommendation to the State Board of Education regarding approval or disapproval by September 1, 2006. The State Board of Education shall approve or disapprove the application and the school action plan by

September 30, 2006. If the school action plan is approved, the department shall allocate funding to the school district on behalf of an eligible school under its jurisdiction for implementation of the school action plan. If the State Board of Education fails to approve or disapprove the application and school action plan by September 30, 2006, the recommendation of the Superintendent shall be deemed to be adopted and funding for implementation of the school action plan shall be allocated.

(4) A school district may request a waiver of, and the State Board of Education may waive, the deadlines established in this subdivision.

(e) If a school receives implementation funding during the same fiscal year it receives a fifty thousand dollar (\$50,000) planning grant, the planning grant shall be deducted from the amount of implementation funding provided to the school pursuant to subdivision (b) of Section 52055.600.

(f) Notwithstanding the deadlines specified in this section, if funding is made available for this purpose, the State Board of Education may approve additional applications in the 2002-03 and 2003-04 fiscal years from school districts that comply with the requirements of this article.

SEC. 13. Section 52055.650 of the Education Code is amended to read:

52055.650. (a) Section 52055.5 does not apply to a school participating in the High Priority Schools Grant Program.

(b) Twenty-four months after receipt of funding for implementation of the action plan pursuant to Sections 52054.5 and 52055.600, a school that has not met its growth targets each year shall be subject to review by the State Board of Education. This review shall include an examination of the school's progress relative to the components and reports made pursuant to Section 52055.640. The Superintendent, with the approval of the State Board of Education, may direct that the governing board of a school take appropriate action and adopt appropriate strategies to provide corrective assistance to the school in order to achieve the components and benchmarks established in the school's action plan.

(c) Thirty-six months after receipt of funding to implement a school action plan, a school that has met or exceeded its growth target each year shall receive a monetary or nonmonetary award, under the Governor's Performance Award Program, as set forth in Section 52057. Funds received pursuant to that section may be used at the school's discretion.

(d) Thirty-six months after receipt of funding to implement a school action plan, a school that has not met its growth targets each year, but demonstrates significant growth, as determined by the State Board of Education, shall continue to participate in the program and receive funding as specified in Sections 52054.5 and 52055.600.

(e) Notwithstanding any other law, the Superintendent, with the approval of the State Board of Education, shall follow the course of action prescribed by paragraph (1) or (2) with respect to a school that does not meet its growth targets within the periods described in either subdivision

(c) or (d), as applicable, and has failed to show significant growth, as determined by the State Board of Education.

(1) Require the district to enter into a contract with a school assistance and intervention team.

(A) Team members should possess a high degree of knowledge and skills in the areas of school leadership, curriculum, and instruction aligned to state academic content and performance standards, classroom management and discipline, academic assessment, parent-school relations, and evaluation and research-based reform strategies and have proven successful expertise specific to the challenges inherent in high-priority schools.

(B) The team shall provide intensive support and expertise to implement the school reform initiatives in the plan. Decisions about interventions shall be data driven. A school assistance and intervention team shall work with school staff, site planning teams, administrators, and district staff to improve pupil literacy and achievement by assessing the degree of implementation of the current action plan, refining and revising the action plan, and making recommendations to maximize the use of fiscal resources and personnel in achieving the goals of the plan. The district shall provide support and assistance to enhance the work of the team at the targeted schoolsites.

(C) Not later than 60 days after the school's API becomes public, the team shall complete an initial report. The report shall include recommendations for corrective actions chosen from a range of interventions, including the reallocation of district fiscal resources to ensure that appropriate resources are targeted to those specific interventions identified in the recommendations of the team for the targeted schools and other changes deemed appropriate to make progress toward meeting the school's growth target. Not later than 90 days after the API is made public, the governing board of the school district shall adopt the team's recommendations at a regularly scheduled meeting of the governing board. The governing board may not place the adoption on the consent calendar. The report shall be submitted to the Superintendent and the State Board of Education.

(D) No less than three times during the year, the school district and schoolsite shall present the team with data regarding progress toward the goals established by the team's initial assessment. The data shall be presented to the governing board of the school district at a regularly scheduled meeting. The team shall, to the extent possible, utilize existing site data. The data shall also be provided to the Superintendent and the State Board of Education. Every effort shall be made to report this data in a manner that minimizes the length and complexity of the reporting requirement in order to maximize the focus on improving pupil literacy and achievement.

(E) An action taken pursuant to this paragraph shall not increase local costs or require reimbursement by the Commission on State Mandates.

(2) The Superintendent shall assume all the legal rights, duties, and powers of the governing board with respect to the school. The Superintendent, in consultation with the State Board of Education and the governing board of the school district, shall reassign the principal of that school subject to the findings in subdivision (i). In addition to reassigning the principal, the Superintendent, in consultation with the State Board of Education, shall, notwithstanding any other provision of law, do at least one of the following:

(A) Revise attendance options for pupils to allow them to attend any public school in which space is available. If an additional attendance option is made available, this option may not require either the sending or receiving school district to incur additional transportation costs.

(B) Allow parents or guardians to apply directly to the State Board of Education for the establishment of a charter school and allow parents or guardians to establish the charter school at the existing schoolsite.

(C) Under the supervision of the Superintendent, assign the management of the school to a college, university, county office of education, or other appropriate educational institution. However, the Superintendent may not assume the management of the school.

(D) Reassign other certificated employees of the school.

(E) Renegotiate a new collective bargaining agreement at the expiration of the existing collective bargaining agreement.

(F) Reorganize the school.

(G) Close the school.

(f) In addition to the actions listed in subdivision (e), the Superintendent, in consultation with the State Board of Education, may take any other action considered necessary or desirable against the school district or the school district governing board, including appointment of a new superintendent or suspension of the authority of the governing board with respect to a school that does not meet its growth targets within the periods described in either subdivision (b) or (c), as applicable, and has failed to show significant growth, as determined by the State Board of Education.

(g) Before the Superintendent may take any action against a principal pursuant to subdivision (e), the Superintendent or a designee of the Superintendent shall hold a public hearing on the matter in the school district and make both of the following findings:

(1) A finding that the principal had the authority to take specific enumerated actions that would have helped the school meet its performance goals.

(2) A finding that the principal failed to take specific enumerated actions pursuant to paragraph (1).

(h) An action taken pursuant to subdivision (e), (f), or (g) shall not increase local costs or require reimbursement by the Commission on State Mandates.

(i) An action taken pursuant to subdivision (e), (f), or (g) shall be accompanied by specific findings by the Superintendent and the State

Board of Education that the action is directly related to the identified causes for continued failure by a school to meet its performance goals.

(j) (1) Notwithstanding subdivision (a), a school participating in the High Priority Schools Grant Program that received a planning grant pursuant to subdivision (f) of Section 52053 in the 1999-2000 fiscal year is eligible to receive funding pursuant to Section 52055.600 in the 2002-03 fiscal year only.

(2) Notwithstanding subdivision (a), a school participating in the High Priority Schools Grant Program that received a planning grant pursuant to subdivision (f) of Section 52053 in the 2000-01 fiscal year is eligible to receive funding pursuant to Section 52055.600 in the 2002-03 and 2003-04 fiscal years only.

(3) Notwithstanding subdivision (a), a school participating in the High Priority Schools Grant Program that received a planning grant pursuant to subdivision (f) of Section 52053 in the 2001-02 fiscal year is eligible to receive funding pursuant to Section 52055.600 in only the 2002-03, 2003-04, and 2004-05 fiscal years.

(k) Notwithstanding the growth target timelines set forth in subdivisions (b), (c), (d), and (e), for a school that receives funds pursuant to Section 52055.600 during the 2002-03 or 2003-04 fiscal year, the growth target deadline for subdivision (b) is December 31, 2004, and the growth target deadline for subdivisions (c), (d), and (e) is December 31, 2005.

(l) A school that receives funds pursuant to Section 52055.600 during the 2005-06 or 2006-07 fiscal year shall meet the growth target specified in subdivision (b) no later than December 31, 2007, and the growth target specified in subdivisions (c), (d), and (e) no later than December 31, 2008.

SEC. 14. Section 52058 of the Education Code is amended to read:

52058. Each school district with schools participating in the Immediate Intervention/Underperforming Schools Program established pursuant to Section 52053 shall submit to the Superintendent an evaluation of the impact, costs, and benefits of the program as it relates to the school district and the schools under its jurisdiction that are participating in the program and whether or not the schools met their growth targets, with an analysis of the reasons why the schools have or have not met those growth targets. Costs to develop and submit the evaluation shall be funded with resources provided pursuant to Article 3 (commencing with Section 52053). The evaluation shall be submitted by November 30, subsequent to the first full year of action plan implementation by participating schools, and on November 30, of each year thereafter.

SEC. 15. Section 56504.5 of the Education Code is amended to read:

56504.5. (a) The department shall enter into an interagency agreement with another state agency or contract with a nonprofit organization or entity to conduct mediation conferences and due process hearings in accordance with Sections 300.506 and 300.508 of Title 34 of the Code of Federal Regulations.

(b) The agency or contractor shall provide hearings and mediations in a manner that is consistent with all applicable federal and state laws and regulations, and any other applicable legal authorities.

(c) The Superintendent shall adopt regulations that establish standards for all of the following components of an interagency agreement or contract entered into pursuant to subdivision (a):

- (1) The training and qualifications for mediators and hearing officers.
- (2) The availability of translators and translated documents.
- (3) Prevention of conflicts of interest for mediators and hearing officers.
- (4) The supervision of mediators and hearing officers.
- (5) Monitoring, tracking, and management of cases.
- (6) The process for conducting mediations and due process hearings.
- (7) Communication with parties to mediations and due process hearings.
- (8) The establishment of a committee to advise the agency or contractor with regard to conducting mediations and due process hearings.

(9) The contents of a manual to describe the procedures of the mediation and due process hearing.

(d) (1) An agency or contractor shall collect and provide data in standardized formats, which allow the department to manage and report on all mediation and due process activities in the state. An agency or contractor shall propose the manner in which specific data and information will be collected and transmitted electronically and in writing to the department on a quarterly basis. The reports shall contain data to provide the state with information to comply with federal and state regulations for monitoring local programs. An agency or contractor shall identify applicable data to be collected, analyzed, and formatted including, but not limited to, caseloads, status of cases, and outcomes for mediations and hearings.

(2) The agency or contractor shall, on a quarterly basis, provide the department with information that includes, but is not limited to, all of the following:

(A) Formal complaints: (i) Number of complaints; (ii) number of complaints with findings; (iii) number of complaints with no findings; (iv) number of complaints not investigated, withdrawn, or no jurisdiction; (v) number of complaints completed or addressed within timelines; and (vi) number of complaints pending.

(B) Mediations: (i) Number of mediations not related to hearing requests; (ii) number of mediations related to hearing requests; (iii) number of mediation agreements not related to hearing requests; (iv) number of mediation agreements related to hearing requests; and (v) number of mediations pending.

(C) Due process hearings: (i) Number of hearing requests; (ii) number of hearings held; (iii) number of decisions issued after timelines and extension expired; (iv) number of hearings pending; and (v) number of expedited hearings.



(3) The agency or contractor shall submit hard copies of hearing decision reports to the department and shall administer and upload all redacted reports on a quarterly basis to the hearing decision database of the department. The agency or contractor shall have the ability to provide the department with the costs of hearings and mediations on both an aggregate and individual basis.

SEC. 16. Section 56836.11 of the Education Code is amended to read:

56836.11. (a) For the purpose of computing the equalization adjustment for special education local plan areas for the 1998-99 fiscal year, the Superintendent shall make the following computations to determine the statewide target amount per unit of average daily attendance for special education local plan areas:

(1) Total the amount of funding computed for each special education local plan area exclusive of the amount of funding computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area, pursuant to Section 56836.09 for the 1997-98 fiscal year.

(2) Total the number of units of average daily attendance reported for each special education local plan area for the 1997-98 fiscal year, exclusive of average daily attendance for absences excused pursuant to subdivision (b) of Section 46010 as that section read on July 1, 1996, and exclusive of the units of average daily attendance computed for the special education local plan area identified as the Los Angeles County Juvenile Court and Community School/Division of Alternative Education Special Education Local Plan Area.

(3) Divide the sum computed in paragraph (1) by the sum computed in paragraph (2) to determine the statewide target amount for the 1997-98 fiscal year.

(4) Add the amount computed in paragraph (3) to the inflation adjustment computed pursuant to subdivision (d) of Section 56836.08 for the 1998-99 fiscal year to determine the statewide target amount for the 1998-99 fiscal year.

(b) Commencing with the 1999-2000 fiscal year and each fiscal year thereafter, to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the incidence multiplier pursuant to Section 56836.155, the Superintendent shall multiply the statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(c) Commencing with the 1999-2000 fiscal year through and including the 2004-05 fiscal year, to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c)

of Section 56836.15, the Superintendent shall multiply the statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(d) For the 2005-06 fiscal year, the Superintendent shall make the following computation to determine the statewide target amount per unit of average daily attendance to determine the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, as follows:

(1) The 2004-05 fiscal year statewide target amount per unit of average daily attendance less the sum of the 2004-05 fiscal year total amount of federal funds apportioned pursuant to Schedule (1) in Item 6110-161-0890 of Section 2.00 of the Budget Act of 2004 for the purposes of special education for individuals with exceptional needs enrolled in kindergarten and grades 1 to 12, inclusive, divided by the total average daily attendance computed for the 2004-05 fiscal year.

(2) Multiply the amount computed in paragraph (1) by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

(e) Commencing with the 2006-07 fiscal year and each fiscal year thereafter, to determine the statewide target amount per unit of average daily attendance for special education local plan areas for the purpose of computing the inflation adjustment pursuant to paragraph (2) of subdivision (d) of Section 56836.08 and growth pursuant to subdivision (c) of Section 56836.15, the Superintendent shall multiply the statewide target amount per unit of average daily attendance computed for the prior fiscal year pursuant to this section by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1 for the fiscal year in which the computation is made.

SEC. 17. Section 56836.155 of the Education Code is amended to read:

56836.155. (a) On or before November 2, 1998, the department, in conjunction with the Office of the Legislative Analyst, shall do the following:

(1) Calculate an “incidence multiplier” for each special education local plan area using the definition, methodology, and data provided in the final report submitted by the American Institutes for Research pursuant to Section 67 of Chapter 854 of the Statutes of 1997.

(2) Submit the incidence multiplier for each special education local plan area and supporting data to the Department of Finance.

(b) The Department of Finance shall review the incidence multiplier for each special education local plan area and the supporting data, and report any errors to the department and the Office of the Legislative Analyst for correction.

(c) The Department of Finance shall approve the final incidence multiplier for each special education local plan area by November 23, 1998.

(d) For the 1998-99 fiscal year and each fiscal year thereafter to and including the 2005-06 fiscal year, the Superintendent shall perform the following calculation to determine each special education local plan area's adjusted entitlement for the incidence of disabilities:

(1) The incidence multiplier for the special education local plan area shall be multiplied by the statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11 for the fiscal year in which the computation is made.

(2) The amount determined pursuant to paragraph (1) shall be added to the statewide target amount per unit of average daily attendance for special education local plan area determined pursuant to Section 56836.11 for the fiscal year in which the computation is made.

(3) Subtract the amount of funding for the special education local plan area determined pursuant to paragraph (1) of subdivision (a) or paragraph (1) of subdivision (b) of Section 56836.08, as appropriate for the fiscal year in which the computation is made, or the statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11 for the fiscal year in which the computation is made, whichever is greater, from the amount determined pursuant to paragraph (2). For the purposes of this paragraph for the 2002-03, 2003-04, 2004-05, and 2005-06 fiscal years, the amount, if any, received pursuant to Section 56836.159 shall be excluded from the funding level per unit of average daily attendance for a special education local plan area. If the result is less than zero, the special education local plan area may not receive an adjusted entitlement for the incidence of disabilities.

(4) Multiply the amount determined in paragraph (3) by either the average daily attendance reported for the special education local plan area for the fiscal year in which the computation is made, as adjusted pursuant to subdivision (a) of Section 56836.15, or the average daily attendance reported for the special education local plan area for the prior fiscal year, as adjusted pursuant to subdivision (a) of Section 56826.15, whichever is less.

(5) If there are insufficient funds appropriated in the fiscal year for which the computation is made for the purposes of this section, the amount received by each special education local plan area shall be prorated.

(e) For the 1997-98 fiscal year, the Superintendent shall perform the calculation in paragraphs (1) to (3), inclusive, of paragraph (d) only for the purposes of making the computation in paragraph (1) of subdivision (d) of Section 56836.08, but the special education local plan area may not receive an adjusted entitlement for the incidence of disabilities pursuant to this section for the 1997-98 fiscal year.

SEC. 18. Section 56836.165 of the Education Code is amended to read:

56836.165. (a) For the 2004-05 fiscal year and each fiscal year thereafter, the Superintendent shall calculate for each special education local plan area an amount based on (1) the number of children and youth residing in foster family homes, small family homes, and foster family agencies, (2) the licensed capacity of group homes licensed by the State

Department of Social Services, and (3) the number of children and youth ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities or intermediate care facilities licensed by the State Department of Health Services and the number of children and youth ages 3 through 21 referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services.

(b) The department shall assign each facility described in paragraphs (1), (2), and (3) of subdivision (a) a severity rating. The severity ratings shall be on a scale from 1 to 14. Foster family homes and small family homes shall be assigned a severity rating of 1. Foster family agencies shall be assigned a severity rating of 2. Facilities described in paragraph (2) of subdivision (a) shall be assigned the same severity rating as its State Department of Social Services rate classification level. For facilities described in paragraph (3) of subdivision (a), skilled nursing facilities shall be assigned a severity rating of 14, intermediate care facilities shall be assigned a severity rating of 11, and community care facilities shall be assigned a severity rating of 8.

(c) (1) The department shall establish a “bed allowance” for each severity level. For the 2004-05 fiscal year, the bed allowance shall be calculated as described in paragraph (2). For the 2005-06 fiscal year and each fiscal year thereafter, the department shall increase the bed allowance by the inflation adjustment computed pursuant to Section 42238.1. The department shall not establish a bed allowance for any facility defined in paragraphs (2) and (3) of subdivision (a) if it is not licensed by the State Department of Social Services or the State Department of Health Services.

(2) (A) The bed allowance for severity level 1 shall be five hundred two dollars (\$502).

(B) The bed allowance for severity level 2 shall be six hundred ten dollars (\$610).

(C) The bed allowance for severity level 3 shall be one thousand four hundred thirty-four dollars (\$1,434).

(D) The bed allowance for severity level 4 shall be one thousand six hundred forty-nine dollars (\$1,649).

(E) The bed allowance for severity level 5 shall be one thousand eight hundred sixty-five dollars (\$1,865).

(F) The bed allowance for severity level 6 shall be two thousand eighty dollars (\$2,080).

(G) The bed allowance for severity level 7 shall be two thousand two hundred ninety-five dollars (\$2,295).

(H) The bed allowance for severity level 8 shall be two thousand five hundred ten dollars (\$2,510).

(I) The bed allowance for severity level 9 shall be five thousand four hundred fifty-one dollars (\$5,451).

(J) The bed allowance for severity level 10 shall be five thousand eight hundred eighty-one dollars (\$5,881).

(K) The bed allowance for severity level 11 shall be nine thousand four hundred sixty-seven dollars (\$9,467).

(L) The bed allowance for severity level 12 shall be thirteen thousand four hundred eighty-three dollars (\$13,483).

(M) The bed allowance for severity level 13 shall be fourteen thousand three hundred forty-three dollars (\$14,343).

(N) The bed allowance for severity level 14 shall be twenty thousand eighty-one dollars (\$20,081).

(d) (1) For each fiscal year, the department shall calculate an out-of-home care funding amount for each special education local plan area as the sum of amounts computed pursuant to paragraphs (2), (3), and (4). The State Department of Social Services and the State Department of Developmental Services shall provide the State Department of Education with the residential counts identified in paragraphs (2), (3), and (4).

(2) The number of children and youth residing on April 1 in foster family homes, small family homes, and foster family agencies located in each special education local plan area times the appropriate bed allowance.

(3) The capacity on April 1 of each group home licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.

(4) The number on April 1 of children and youth (A) ages 3 through 21 referred by the State Department of Developmental Services who are residing in skilled nursing facilities and intermediate care facilities licensed by the State Department of Health Services located in each special education local plan area times the appropriate bed allowance, and (B) ages 3 through 21 referred by the State Department of Developmental Services who are residing in community care facilities licensed by the State Department of Social Services located in each special education local plan area times the appropriate bed allowance.

SEC. 19. Section 69522 of the Education Code is amended to read:

69522. (a) (1) The commission may establish an auxiliary organization for the purpose of providing operational and administrative services for the commission's participation in the Federal Family Education Loan Program, or for other activities approved by the commission and determined by the commission to be all of the following:

(A) Related to student financial aid.

(B) Consistent with the general mission of the commission.

(C) Consistent with the purposes of the federal Higher Education Act of 1965 (Public Law 89-329) and amendments thereto.

(2) The activities approved by the commission under this subdivision shall not include either of the following:

(A) The issuance of bonds.

(B) Loan origination or loan capitalization activities. This paragraph shall not preclude the commission or the auxiliary organization from undertaking other permitted activities that are related to student financial aid in partnership with institutions that conduct loan origination or loan capitalization activities.

(b) The auxiliary organization shall be established and maintained as a nonprofit public benefit corporation subject to the Nonprofit Public Benefit Corporation Law in Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, except that, if there is a conflict between this article and the Nonprofit Public Benefit Corporation Law, this article shall prevail.

(c) (1) The commission shall maintain its responsibility for financial aid program administration, policy leadership program evaluation, and information development and coordination. The auxiliary organization shall provide operational and support services essential to the administration of the Federal Family Education Loan Program and other permitted activities that are related to student financial aid, if those services are determined by the commission to be consistent with the overall mission of the commission.

(2) The implementation and effectuation of the auxiliary organization shall be carried out so as to enhance the administration and delivery of commission programs and services. The commission shall conduct regular performance evaluations of the operation of auxiliary organizations in furtherance of its fiscal and fiduciary responsibilities for approved programs.

(d) (1) The operations of the auxiliary organization shall be conducted in conformity with an operating agreement approved annually by the commission. On and after January 1, 2002, the commission may approve an operating agreement for a period not to exceed five years. Prior to approval, the commission shall provide a copy of the proposed operating agreement to the Department of Finance and the Joint Legislative Budget Committee for their review and comment. The operations of the auxiliary organization shall be limited to services prescribed in that agreement.

(2) Prior to approval of any amendment to an existing operating agreement or any new operating agreement with an auxiliary organization or subsidiary auxiliary organization for the purpose of delineating new services or activities authorized pursuant to subdivision (a), the commission shall provide the Director of Finance and the Joint Legislative Budget Committee with at least 45 days advance notice in writing that includes a description of the proposed operating agreement. If the Director of Finance or the Joint Legislative Budget Committee notifies the commission regarding issues of concern with the proposed operating agreement, the commission shall convene a meeting of appropriate representatives from the commission, the Department of Finance, and the Legislature to resolve those issues.

(e) The commission shall oversee the development and operations of the auxiliary organization in a manner that ensures broad public input and consultation with representatives of the financial aid community, colleges and universities, and state agencies.

SEC. 20. Article 5.6 (commencing with Section 69616) is added to Chapter 2 of Part 42 of the Education Code, to read:

Article 5.6. State Nursing Assumption Program of Loans for Education (SNAPLE)

69616. (a) The Legislature hereby recognizes the growing need for new faculty members in the nursing field at California's colleges and universities. This need will be fueled largely by the large number of current faculty approaching retirement age who will need to be replaced and the expected growth in enrollment demand in California. Further, to increase the supply of nurses in California, there must be an expansion of nursing educator opportunities in public colleges and universities that will produce the necessary faculty to teach in nursing programs in the state.

(b) The Legislature finds that the rising costs of higher education, coupled with a shift in available financial aid from scholarships and grants to loans, make loan repayment options an important consideration in a student's decision to pursue a graduate degree in nursing education.

(c) It is the intent of the Legislature that the State Nursing Assumption Program of Loans for Education (SNAPLE) be designed to encourage persons to complete their graduate educations and serve as nursing faculty at an accredited California college or university.

(d) As used in this article, "commission" means the Student Aid Commission.

69616.1. (a) Program participants shall meet all of the following eligibility criteria prior to selection into the program and shall continue to meet these criteria, as appropriate, during the payment periods:

(1) The participant shall be a United States citizen or eligible noncitizen.

(2) The participant shall be a California resident attending an eligible school or college.

(3) The participant shall be making satisfactory academic progress.

(4) The participant shall have complied with United States Selective Service requirements.

(5) The participant shall not owe a refund on any state or federal educational grant or have delinquent or defaulted student loans.

(b) Any person enrolled in an institution of postsecondary education and participating in the loan assumption program set forth in this article may be eligible to receive a conditional warrant for loan assumption, to be redeemed pursuant to this act upon becoming employed as a full-time nursing faculty member at a California college or university or the equivalent of full-time service as a nursing faculty member employed part-time at two or more California colleges or universities.

(c) (1) The commission shall award loan assumption agreements to students with demonstrated academic ability and financial need, as determined by the commission pursuant to Article 1.5 (commencing with Section 69503).

(2) The applicant shall have completed a baccalaureate degree program or be enrolled in an academic program leading to a baccalaureate level or a graduate level degree.

(3) The applicant shall be currently enrolled in or admitted to a program in which he or she will be enrolled on at least a half-time basis each academic term as defined by an eligible institution. The applicant shall agree to maintain satisfactory academic progress.

(4) The applicant shall have been judged by his or her postsecondary institution to have outstanding ability on the basis of criteria that may include, but need not be limited to, any of the following:

- (A) Grade point average.
- (B) Test scores.
- (C) Faculty evaluations.
- (D) Interviews.
- (E) Other recommendations.

(5) In order to meet the costs of obtaining a graduate degree, the applicant shall have received, or be approved to receive, a loan under one or more of the following designated loan programs:

(A) The Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.).

(B) The Federal Direct Loan Program.

(C) Any loan program approved by the commission.

(6) The applicant shall have agreed to teach nursing on a full-time basis at one or more accredited California colleges or universities for at least three consecutive years, or five part-time academic years, immediately after obtaining a graduate degree.

(7) An applicant who teaches on less than a full-time basis may participate in the program, but is not eligible for loan repayment until that person teaches for the equivalent of a full-time academic year.

(d) A person participating in the program pursuant to this section shall not receive more than one loan assumption agreement.

69616.2. The commission shall commence loan assumption payments pursuant to this article upon verification that the applicant has fulfilled all of the following:

(a) The applicant has received a graduate degree from an accredited, participating institution.

(b) The applicant has provided the equivalent of full-time nursing instruction at one or more regionally accredited California colleges or universities for one academic year or the equivalent.

(c) The applicant has met the requirements of the loan assumption agreement and all other conditions of this article.

69616.3. The terms of the loan assumptions granted under this article shall be as follows, subject to the specific terms of each loan assumption agreement:

(a) After a program participant has completed one academic year, or the equivalent of full-time teaching nursing studies, at one or more regionally accredited, eligible California colleges or universities, the commission shall assume up to eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs.



(b) After the program participant has completed two consecutive academic years, or the equivalent of full-time teaching, at one or more regionally accredited California colleges or universities, the commission shall assume up to an additional eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to sixteen thousand six hundred sixty-six dollars (\$16,666).

(c) After a program participant has completed three consecutive academic years, or the equivalent of full-time teaching, at one or more regionally accredited California colleges or universities, the commission shall assume up to an additional eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to twenty-five thousand dollars (\$25,000).

69616.4. (a) Except as provided in subdivision (b), if a program participant fails to complete a minimum of three consecutive academic years of teaching as required by this article under the terms of the agreement pursuant to paragraph (6) of subdivision (c) of Section 69616.1, the participant shall repay loan forgiveness benefits previously provided through this program and resume responsibility for any remaining loan obligations.

(b) Notwithstanding subdivision (a), if a program participant becomes unable to complete one of the three consecutive years of teaching service due to a serious illness, pregnancy, or other natural causes, the participant shall receive a deferral of the resumption of full liability for the loan for a period not to exceed one academic year.

69616.5. (a) The commission shall accept nominations from accredited colleges and universities made pursuant to this article.

(b) The commission shall choose from among those nominations deemed financially needy with outstanding student loans pursuant to Article 1.5 (commencing with Section 69503) based upon criteria that may include the following:

(1) Grades at the undergraduate level in a subject field related to nursing.

(2) Grades in the undergraduate program.

(3) Aptitude for graduate work in the field of nursing.

(4) General aptitude for graduate study.

(5) Critical human resource needs.

(c) The commission may develop additional criteria for the selection of award recipients consistent with the purposes of this article.

69616.6. The commission shall administer this article, and shall adopt rules and regulations for that purpose. The rules and regulations shall include, but need not be limited to, provisions regarding the period of time for which a warrant shall remain valid and the development of projections for funding purposes. In developing these rules and regulations, the commission shall solicit the advice of representatives from postsecondary

education institutions, the Office of Statewide Health Planning and Development, and the nursing community.

69616.7. The commission shall work to develop a streamlined application process for participation in the program set forth in this article.

69616.8. The commission shall report annually to the Legislature on this program. The report shall include, but not be limited to, all of the following:

(a) The total number of loan assumption agreements offered, by education level and institution.

(b) The number of loan assumption agreements paid out, by education level and institution.

(c) The number of loan assumption agreements that are redeemed, by year of service (year one through year three).

(d) The annual and cumulative attrition rate of participants, by education level and institution.

69616.9. Notwithstanding any other law, in any fiscal year, the commission shall award no more than the number of warrants that are authorized by the Governor and the Legislature in the annual Budget Act for that year for the assumption of loans pursuant to this article.

69617. It is the intent of the Legislature that, commencing with the 2006-07 fiscal year, funding necessary for the administration of the student loan assumption program implemented pursuant to this article shall be included within the annual budget of the commission.

SEC. 21. Section 84754.5 is added to the Education Code, to read:

84754.5. Pursuant to provisions of Chapter 581 of the Statutes of 2004, the board of governors provided the Governor and the Legislature recommendations regarding the design of a workable structure for the annual evaluation of district-level performance in meeting statewide educational outcome priorities. The Legislature recognizes that these recommendations were based on a study process that included input from institutional representatives of community college districts, nationally regarded experts in community college accountability, the Department of Finance, the Office of the Legislative Analyst, community college organizations, and other interested parties. In enacting this section the Legislature hereby establishes a program for the annual reporting and evaluation of district-level performance in achieving priority educational outcomes consistent with the intent of Chapter 581 of the Statutes of 2004. The program includes the following components:

(a) As a condition of receiving specified funds in the annual Budget Act to encourage district-level accountability efforts, community college districts shall provide data, in a format and according to a schedule to be specified by the Office of the Chancellor of the California Community Colleges, for the purpose of the annual report to the Legislature specified in subdivision (b) and for purposes of providing the means for both internal and external assessment of the district's educational offerings in meeting the high-priority educational goals of the state. The chancellor shall withhold, delay, or reduce funds specified in the annual Budget Act

to encourage district-level accountability efforts from a district that fails to provide needed data by specified deadlines. If a district's failure to report by specified deadlines results in the omission of required data from, or inclusion of erroneous data in, the annual report required by subdivision (b), the chancellor shall reduce that district's funding as specified in regulations for the implementation of this section.

(b) With data available through its management information system and other data provided pursuant to subdivision (a), and utilizing resources provided for this purpose in the annual Budget Act, the chancellor shall prepare an annual report to the Legislature, the Governor, the Department of Finance, and the Office of the Legislative Analyst evaluating the achievement of educational outcomes for each community college district and, as warranted, each college. This report shall be provided to the Legislature annually on or before March 31, beginning in 2007. Preliminary data reported from the districts shall be provided to the Department of Finance and the Office of the Legislative Analyst by January 31 of each year, beginning in 2007. For each district, and college as warranted, the report shall: (1) include performance data for the immediately preceding fiscal year, reflecting all measures specified in subdivision (c); (2) compare each district's and college's achievement with peer groups within the system as applicable to specific metrics; and (3) compare each district's and college's achievements with that of the system as a whole. The report shall further include a profile with summary background information on each district's or college's educational programs, missions, students, and service area demographics.

(c) (1) The report shall include, but not be limited to, district or college-level performance on outcome measures in the following categories:

(A) Student progress and achievement: degrees, certificates, and transfers.

(B) Student progress and achievement: vocational, occupational, and workforce development.

(C) Pre-collegiate improvement, including basic skills and English-as-a-second language.

(2) The specific measures to be included in the report shall reflect the April 2005 board of governors recommendations as refined and amended in consultation with the Department of Finance and the Office of the Legislative Analyst, and shall be periodically reviewed, in consultation with the Department of Finance and the Office of the Legislative Analyst, and, if necessary, modified by the chancellor. It is the intent of the Legislature that specific performance metrics and annual reporting requirements may be specified in annual Budget Acts, if warranted, by changes in state needs, legislative priorities, or the availability of data.

(d) As a condition of receiving specified funds in the annual Budget Act, each community college district board of trustees shall annually review and adopt its contribution to the segmentwide annual report as part

of a regularly scheduled and noticed public meeting at which public comment shall be invited.

(e) The board of governors shall adopt regulations that it deems necessary to carry out this section no sooner than 30 days after notification in writing by the chancellor to the Director of Finance and the Chairperson of the Joint Legislative Budget Committee.

SEC. 22. Section 17581.5 of the Government Code is amended to read:

17581.5. (a) A school district may not be required to implement or give effect to the statutes, or portion thereof, identified in subdivision (b) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:

(1) The statute or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of school districts pursuant to Section 6 of Article XIII B of the California Constitution.

(2) The statute, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements.

(b) This section applies only to the following mandates:

(1) The School Bus Safety I (CSM-4433) and II (97-TC-22) mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997).

(2) The School Crimes Reporting II mandate (97-TC-03; and Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes of 1995).

(3) Investment reports (96-358-02; and Chapter 783 of the Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996).

(4) County treasury oversight committees (96-365-03; and Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes of 1996).

(5) Grand jury proceedings mandate (98-TC-27; and Chapter 1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997, and Chapter 230 of the Statutes of 1998).

SEC. 23. Section 1529.2 of the Health and Safety Code is amended to read:

1529.2. (a) In addition to the foster parent training provided by community colleges, foster family agencies shall provide a program of training for their certified foster families.

(b) (1) Every licensed foster parent shall complete a minimum of 12 hours of foster parent training, as prescribed in paragraph (3), before the placement of any foster children with the foster parent. In addition, a foster parent shall complete a minimum of eight hours of foster parent training annually as prescribed in paragraph (4). No child shall be placed in a foster

family home unless these requirements are met by the persons in the home who are serving as the foster parents.

(2) (A) Upon the request of the foster parent for a hardship waiver from the postplacement training requirement or a request for an extension of the deadline, the county may, at its option, on a case-by-case basis, waive the postplacement training requirement or extend any established deadline for a period not to exceed one year, if the postplacement training requirement presents a severe and unavoidable obstacle to continuing as a foster parent. Obstacles for which a county may grant a hardship waiver or extension are:

- (i) Lack of access to training due to the cost or travel required.
- (ii) Family emergency.

(B) Before a waiver or extension may be granted, the foster parent should explore the opportunity of receiving training by video or written materials.

(3) The initial preplacement training shall include, but not be limited to, training courses that cover all of the following:

- (A) An overview of the child protective system.
- (B) The effects of child abuse and neglect on child development.
- (C) Positive discipline and the importance of self-esteem.
- (D) Health issues in foster care.
- (E) Accessing education and health services available to foster children.
- (F) The right of a foster child to have fair and equal access to all available services, placement, care, treatment, and benefits, and to not be subjected to discrimination or harassment on the basis of actual or perceived race, ethnic group identification, ancestry, national origin, color, religion, sex, sexual orientation, gender identity, mental or physical disability, or HIV status.

(4) The postplacement annual training shall include, but not be limited to, training courses that cover all of the following:

- (A) Age-appropriate child development.
- (B) Health issues in foster care.
- (C) Positive discipline and the importance of self-esteem.
- (D) Emancipation and independent living skills if a foster parent is caring for youth.

(E) The right of a foster child to have fair and equal access to all available services, placement, care, treatment, and benefits, and to not be subjected to discrimination or harassment on the basis of actual or perceived race, ethnic group identification, ancestry, national origin, color, religion, sex, sexual orientation, gender identity, mental or physical disability, or HIV status.

(5) Foster parent training may be attained through a variety of sources, including community colleges, counties, hospitals, foster parent associations, the California State Foster Parent Association's Conference, adult schools, and certified foster parent instructors.

(6) A candidate for placement of foster children shall submit a certificate of training to document completion of the training requirements.

The certificate shall be submitted with the initial consideration for placements and provided at the time of the annual visit by the licensing agency thereafter.

(c) Nothing in this section shall preclude a county from requiring county-provided preplacement or postplacement foster parent training in excess of the requirements in this section.

SEC. 24. Section 270 of the Public Utilities Code, as amended by Section 1 of Chapter 216 of the Statutes of 2004, is amended to read:

270. (a) The following funds are hereby created in the State Treasury:

(1) The California High-Cost Fund-A Administrative Committee Fund.

(2) The California High-Cost Fund-B Administrative Committee Fund.

(3) The Universal Lifeline Telephone Service Trust Administrative Committee Fund.

(4) The Deaf and Disabled Telecommunications Program Administrative Committee Fund.

(5) The Payphone Service Providers Committee Fund.

(6) The California Teleconnect Fund Administrative Committee Fund.

(b) Moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service. Moneys in the funds may only be expended pursuant to this chapter and upon appropriation in the annual Budget Act or upon supplemental appropriation. Any appropriation from the California High-Cost Administrative Committee Fund-B for the purposes of the grant program established in Section 276.5 of the Public Utilities Code regarding rural telecommunications infrastructure, may not be made until all of the following events have occurred:

(1) The United States Supreme Court has decided *Iowa Utilities Board v. Federal Communications Commission* (219 F.3d 744 (8th Cir.); certiorari granted January 22, 2001).

(2) The commission recalculates the statewide average cost to serve a residential line stated in Decision 96-10-066, as it determines to be appropriate.

(3) The commission is current on all claims made by carriers for service provided in high-cost areas, except for those claims that the commission is in the process of investigating, contesting, or disallowing.

(c) Moneys in each fund may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity, except as provided for in Sections 276 and 276.5 of the Public Utilities Code and Sections 19325 and 19325.1 of the Education Code.

(d) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 25. Section 270 of the Public Utilities Code, as amended by Section 2 of Chapter 216 of the Statutes of 2004, is amended to read:

270. (a) The following funds are hereby created in the State Treasury:

(1) The California High-Cost Fund-A Administrative Committee Fund.

(2) The California High-Cost Fund-B Administrative Committee Fund.

(3) The Universal Lifeline Telephone Service Trust Administrative Committee Fund.

(4) The Deaf and Disabled Telecommunications Program Administrative Committee Fund.

(5) The Payphone Service Providers Committee Fund.

(6) The California Teleconnect Fund Administrative Committee Fund.

(b) Moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service. Moneys in the funds may only be expended pursuant to this chapter and upon appropriation in the annual Budget Act or upon supplemental appropriation.

(c) Moneys in each fund may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity, except as provided in Sections 19325 and 19325.1 of the Education Code.

(d) This section shall become operative on January 1, 2006.

SEC. 26. Section 903.7 of the Welfare and Institutions Code is amended to read:

903.7. (a) There is in the State Treasury the Foster Children and Parent Training Fund. The moneys contained in the fund shall be used exclusively for the purposes set forth in this section.

(b) For each fiscal year beginning with the 1981-82 fiscal year, except as provided in Sections 15200.1, 15200.2, 15200.3, 15200.8, and 15200.81, and Section 17704 of the Family Code, the Department of Child Support Services shall determine the amount equivalent to the net state share of foster care collections attributable to the enforcement of parental fiscal liability pursuant to Sections 903, 903.4, and 903.5. On July 1, 1982, and every three months thereafter, the department shall notify the Chancellor of the Community Colleges, the Department of Finance, and the Superintendent of Public Instruction of the above-specified amount. The Department of Child Support Services shall authorize the quarterly transfer of any portion of this amount for any particular fiscal year exceeding three million seven hundred fifty thousand dollars (\$3,750,000) of the net state share of foster care collections to the Treasurer for deposit in the Foster Children and Parent Training Fund, except that, commencing with the 2002-03 fiscal year, a total of not more than three million dollars (\$3,000,000) may be transferred to the fund in any fiscal year.

(c) (1) If sufficient moneys are available in the Foster Children and Parent Training Fund, up to three million dollars (\$3,000,000) shall be allocated for the support of foster parent training programs conducted in community colleges. The maximum amount authorized to be allocated pursuant to this subdivision shall be adjusted annually by a cost-of-living increase each year based on the percentage given to discretionary education programs. Funds for the training program shall be provided in a separate budget item in that portion of the Budget Act pertaining to the Chancellor of the California Community Colleges, to be deposited in a separate bank account by the Chancellor of the California Community Colleges.

(2) The chancellor shall use these funds exclusively for foster parent training, as specified by the chancellor in consultation with the California State Foster Parents Association and the State Department of Social Services.

(3) The plans for each foster parent training program shall include the provision of training to facilitate the development of foster family homes and small family homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.

(4) The State Department of Social Services shall facilitate the participation of county welfare departments in the foster parent training program. The California State Foster Parents Association, or the local chapters thereof, and the State Department of Social Services shall identify training participants and shall advise the chancellor on the form, content, and methodology of the training program. Funds shall be paid monthly to the foster parent training program until the maximum amount of funds authorized to be expended for that program is expended. No more than 10 percent or seventy-five thousand dollars (\$75,000) of these moneys, whichever is greater, shall be used for administrative purposes; of the 10 percent or seventy-five thousand dollars (\$75,000), no more than ten thousand dollars (\$10,000) shall be expended to reimburse the State Department of Social Services for its services pursuant to this paragraph.

(d) Beginning with the 1983-84 fiscal year, and each fiscal year thereafter, after all allocations for foster parent training in community colleges have been made, any moneys remaining in the Foster Children and Parent Training Fund may be allocated for foster children services programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24 of the Education Code.

(e) (1) The Controller shall transfer moneys from the Foster Children and Parent Training Fund to the Chancellor of the California Community Colleges and the Superintendent of Public Instruction as necessary to fulfill the requirements of subdivisions (c) and (d).

(2) After the maximum amount authorized in any fiscal year has been transferred to the Chancellor of the California Community Colleges and the Superintendent of Public Instruction, the Controller shall transfer any remaining funds to the General Fund for expenditure for any public purpose.

(f) This section shall be operative until June 30, 2005, and thereafter is operative only if specified in the annual Budget Act or in another statute.

SEC. 27. The Superintendent of Public Instruction shall reduce funding for basic aid school districts from the categorical education funds appropriated in Section 2.00 of the Budget Act of 2005 by a total of one million one hundred twenty-six thousand dollars (\$1,126,000). The reduction shall be calculated as follows:

(a) The Superintendent shall calculate a reduction for each school district that was a basic aid school district in the 2004-05 fiscal year that is proportionate to its revenue limit as determined at the second principal



apportionment of the 2004-05 fiscal year that will achieve the amount of savings specified in this section.

(b) (1) On or before September 15, 2005, the Superintendent shall notify each school district of the reduction amount calculated for that district pursuant to subdivision (a).

(2) On or before December 1, 2005, each school district shall notify the Superintendent of the specific categorical education programs in which the reductions for that district shall be applied and the amount of the reduction for each program, provided that no reduction may be made to a program identified as requiring a maintenance of effort. The Superintendent shall withhold or recover the identified amount of funds as necessary.

(3) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution in the amount so reduced, and that decision shall be made only after the school district first considers reductions to voluntary categorical education programs.

(c) If a school district does not receive property tax revenue sufficient to fully fund its revenue limit during the 2005-06 fiscal year, as determined at the second principal apportionment for the 2005-06 fiscal year, any reductions to that district's categorical education funding by this section shall be restored.

(d) No later than June 26, 2006, the Superintendent shall report to the Controller and the Director of Finance the amount to be reduced from each categorical education program and identify the corresponding item of appropriation in the Budget Act of 2005 to be reduced. The final reductions shall equal the total amount to be reduced pursuant to subdivision (a), less the amount restored pursuant to subdivision (c). On June 30, 2006, the amounts appropriated by the Budget Act of 2005 in the items identified by the Superintendent are hereby reduced by the amounts reported by the Superintendent. The amounts so reduced shall revert to the General Fund. The reductions pursuant to this subdivision shall be reductions in the amount appropriated for purposes of Section 8 of Article XVI of the California Constitution for the 2005-06 fiscal year.

(e) For purposes of this section, "basic aid school district" means a school district that does not receive from the state, for any fiscal year in which the section is applied, an apportionment of state funds pursuant to subdivision (h) of Section 42238 of the Education Code.

SEC. 28. Notwithstanding Sections 42238.1 and 42238.15 of the Education Code or any other law, the cost-of-living adjustment for Items 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-189-0001, 6110-190-0001, 6110-196-0001, 6110-232-0001, 6110-234-0001, 6110-244-0001, and 6110-246-0001 of Section 2.00 of the Budget Act of 2005, and those items identified in subdivision (b) of Section 12.40 of the Budget Act of 2005, shall be 4.23

percent. All funds appropriated in the items identified in this section are in lieu of the amounts that would otherwise be appropriated pursuant to any other law.

SEC. 29. Notwithstanding any other law, the funds appropriated pursuant to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-161-0001, 6110-190-0001, and 6110-211-0001 of Section 2.00 of the Budget Act of 2004 (Ch. 208, Stats. 2004) shall be available for liquidation through July 31, 2007, and after that date, all remaining unexpended funds in those items shall revert to the Proposition 98 Reversion Account.

SEC. 30. Notwithstanding any other law, the funds appropriated pursuant to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-161-0001, 6110-190-0001, 6110-211-0001, and 6110-243-0001 of Section 2.00 of the Budget Act of 2005 (Ch. \_\_, Stats. 2005) shall be available for liquidation through July 31, 2008, and after that date, all remaining unexpended funds in those items shall revert to the Proposition 98 Reversion Account.

SEC. 31. (a) (1) The sum of six hundred five million ninety-four thousand dollars (\$605,094,000) is hereby appropriated from the General Fund in accordance with the following schedule:

(2) Of the amount appropriated in paragraph (1), the following amounts are appropriated for expenditure during the 2006-07 fiscal year.

(A) The sum of six million two hundred twenty-seven thousand dollars (\$6,227,000) to the State Department of Education for apprenticeship programs to be expended consistent with the requirements specified in Item 6110-103-0001 of Section 2.00 of the Budget Act of 2005.

(B) The sum of sixty-three million three hundred ninety-one thousand dollars (\$63,391,000) to the State Department of Education for supplemental instruction to be expended consistent with the requirements specified in Item 6110-104-0001 of Section 2.00 of the Budget Act of 2005. Of the amount appropriated by this subparagraph, fifty-one million sixty-one thousand dollars (\$51,061,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2005, and twelve million three hundred thirty thousand dollars (\$12,330,000) shall be expended consistent with Schedule (2) of that item.

(C) The sum of twenty-six million seven hundred twenty-six thousand dollars (\$26,726,000) to the State Department of Education for the Pupil Retention Block Grant to be expended consistent with the requirements specified in Item 6110-243-0001 of Section 2.00 of the Budget Act of 2005.

(D) The sum of thirty-nine million six hundred thirty thousand dollars (\$39,630,000) to the State Department of Education for regional occupational centers and programs to be expended consistent with the requirements specified in Schedule (1) of Item 6110-105-0001 of Section 2.00 of the Budget Act of 2005.

(E) The sum of fifty-two million five hundred eighty-three thousand dollars (\$52,583,000) to the State Department of Education for

home-to-school transportation to be expended consistent with the requirements specified in Schedule (1) of Item 6110-111-0001 of Section 2.00 of the Budget Act of 2005.

(F) The sum of four million two hundred ninety-four thousand dollars (\$4,294,000) to the State Department of Education for the Gifted and Talented Pupil Program to be expended consistent with the requirements specified in Item 6110-124-0001 of Section 2.00 of the Budget Act of 2005.

(G) The sum of forty-five million eight hundred ninety-six thousand dollars (\$45,896,000) to the State Department of Education for adult education to be expended consistent with the requirements specified in Schedule (1) of Item 6110-156-0001 of Section 2.00 of the Budget Act of 2005.

(H) The sum of four million seven hundred fifty-one thousand dollars (\$4,751,000) to the State Department of Education for community day schools to be expended consistent with the requirements specified in Item 6110-190-0001 of Section 2.00 of the Budget Act of 2005.

(I) The sum of five million nine hundred forty-seven thousand dollars (\$5,947,000) to the State Department of Education for categorical block grants for charter schools to be expended consistent with the requirements specified in Item 6110-211-0001 of Section 2.00 of the Budget Act of 2005.

(J) The sum of thirty-eight million seven hundred twenty thousand dollars (\$38,720,000) to the State Department of Education for the School Safety Block Grant to be expended consistent with the requirements specified in Schedule (1) of Item 6110-228-0001 of Section 2.00 of the Budget Act of 2005.

(K) The sum of one hundred million one hundred eighteen thousand dollars (\$100,118,000) to the State Department of Education for Targeted Instructional Improvement Grant Program to be expended consistent with the requirements specified in Item 6110-246-0001 of Section 2.00 of the Budget Act of 2005.

(L) The sum of two hundred million dollars (\$200,000,000) to the Board of Governors of the California Community Colleges for apportionments, to be expended in accordance with the requirements specified in Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2005.

(b) (1) Of the amount appropriated in paragraph (1) of subdivision (a), the following amounts are appropriated for the 1995-96, 1996-97, and 2002-03 fiscal years, as specified in paragraphs (2) and (3):

(A) The sum of sixteen million eight hundred eleven thousand dollars (\$16,811,000) to the Controller to pay for prior year state obligations for K-12 and community college mandate claims and interest. The Controller shall use funds to pay for the oldest claims of those no longer subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest. No payments shall be made from the funds on any claims for the Standardized Testing and Reporting (STAR)

Program, schoolsite councils, Brown Act reform, School Bus Safety II, or the removal of chemicals. The Controller shall provide reimbursement of claims and interest in accordance with the following schedule:

(i) The sum of six million eight hundred eleven thousand dollars (\$6,811,000) for reimbursement of claims filed by school districts and county offices of education.

(ii) The sum of ten million dollars (\$10,000,000) for reimbursement of claims filed by community college districts.

(2) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, six million eight hundred eleven thousand dollars (\$6,811,000) of the appropriation made by paragraph (1) of subdivision (a) shall be deemed to be “General Fund” revenues appropriated to school districts, as defined in subdivision (c) of Section 41202 of the Education Code, for the 1995-96 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 1995-96 fiscal year.

(3) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, nine million twenty-nine thousand dollars (\$9,029,000) of the appropriations made in paragraph (1) of subdivision (a) shall be deemed to be “General Fund” revenues appropriated to community college districts, as defined in subdivision (d) of Section 41202 of the Education Code, for the 1996-97 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 1996-97 fiscal year.

(4) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, nine hundred seventy-one thousand dollars (\$971,000) of the appropriations made in of paragraph (1) of subdivision (a) shall be deemed to be “General Fund” revenues appropriated to community college districts, as defined in subdivision (d) of Section 41202 of the Education Code, for the 2002-03 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2002-03 fiscal year.

(c) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subparagraphs (A) to (K), inclusive, of paragraph (2) of subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2006-07 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,”

as defined in subdivision (e) of Section 41202 of the Education Code, for the 2006-07 fiscal year.

(d) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subparagraph (L) of paragraph (2) of subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2006-07 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2006-07 fiscal year.

SEC. 32. Notwithstanding paragraph (1) of subdivision (d) of Section 41207 of the Education Code, the funds appropriated pursuant to subdivision (b) of Section 31 of this act shall be deemed to be in partial satisfaction of the outstanding balance of the Proposition 98 minimum funding obligation for the 1995-96, 1996-97, and 2002-03 fiscal years determined pursuant to Section 41207 of the Education Code and shall be in lieu of the amount that would otherwise be appropriated pursuant to subdivision (d) of that section for the 2006-07 fiscal year and in lieu of one hundred one million eight hundred eleven thousand dollars (\$101,811,000) the amount that would otherwise be appropriated pursuant to subdivision (d) of that section for the 2007-08 fiscal year.

SEC. 33. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to implement the Budget Act of 2005 at the earliest time possible, it is necessary that this act take effect immediately.